

HOME MORTGAGE LENDING IN 1996:

An Analysis of Home Loan Growth to Minorities and Denial Rate Patterns

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Executive Summary

Home Mortgage Disclosure Act (HMDA) data show that the number of home purchase mortgages extended to Blacks rose by 3.1 percent from 1995 to 1996, while total home purchase originations grew by 8.9 percent. In recent years, the rate of growth in home purchase loans to black borrowers, particularly for conventional loans, has been significantly greater, far outpacing the general growth in home purchase lending. While we would not expect such past high levels of differential growth to persist indefinitely, a growth rate for Blacks less than the national average raised questions among banking regulators. In addition, over the past few years, denial rates for applications for conventional home purchase mortgages have increased steadily. Although such increases have occurred for all racial groups, questions about the causes of this pattern have also been raised.

These questions prompted the federal bank and thrift regulatory agencies and the Department of Housing and Urban Development (HUD) to jointly study trends in home mortgage lending. For the study, an interagency group of economists was asked by the FFIEC to analyze home purchase lending activity reported under HMDA for the period 1993 to 1996. The analysis included a review of both conventional and government home purchase lending by borrower characteristics, type of lender, and by location. Denial rate patterns by applicant race and income and by type of lender were also reviewed, as were reasons for denial as reported in the HMDA data and the effects of multiple applications from a single applicant.

The analysis indicates that, in recent years, lending to minorities has increased substantially, and the total home purchase loans (conventional plus government-backed loans) to both Blacks and Hispanics attained all-time highs in 1996. The rise in total lending has been marked by some important changes in mortgage markets, including increasing roles for government-backed loans, particularly for Hispanics, and for loans by lenders specializing in manufactured housing and subprime mortgages.

Lending levels are affected by regional real estate conditions. The reduced rate of growth in home lending to Blacks may, in part, be related to the fact that states with relatively larger Black populations had, in 1996, relatively weaker housing markets. For reasons that are not clear from the HMDA data, the growth in government-backed lending to Blacks in 1996 also lagged other groups and contributed in part to the reduced overall growth rate.

Recent increases in denial rates appear to largely reflect several factors. First, the share of applications reported under HMDA attributable to lenders specializing in manufactured housing and subprime lending has increased substantially. Such lenders have extremely high denial rates, about 55 percent on average, compared to only 12.8 percent for other lenders. Second, the share of all applications by lower-income households -- households that have relatively higher denial

rates has increased. Third, higher denial rates reflect an increase in the incidence of multiple applications by the same household. Such applicants also have very high denial rates.

Analysis of HMDA data alone is not sufficient to determine all causes of the observed patterns in mortgage lending and denial rates. However, the findings presented in this report reinforce the importance of additional research to better understand the changing patterns in mortgage lending.

Background

During 1996, the number of home purchase mortgages originated to Blacks rose by 3.1 percent, while total home purchase originations grew by 8.9 percent, according to data on home mortgage loans reported under HMDA (Table 1). The data show that conventional mortgage loan originations to black borrowers decreased by 1.5 percent, but this decline was more than offset by an increase in government-backed (VA, FHA, FmHA) mortgages to Black borrowers (Tables 2 and 3).

These developments contrast with previous patterns in mortgage lending. In recent years, the rate of growth in loans to Black borrowers has been in double digits, far outpacing the general rise in mortgage originations. While such past high levels of differential growth cannot persist indefinitely, a growth rate less than the average raised questions among banking regulators. In addition, over the past few years, denial rates for applications for conventional home purchase mortgages have increased steadily. Although such increases have occurred for all racial groups, questions about the causes of this pattern have also been raised. To answer some of these questions, the FFIEC asked an interagency group of economists to analyze the 1996 HMDA data in more detail to shed some light on the changes in home purchase lending.

Economists from the federal banking supervisory agencies and HUD analyzed HMDA home purchase loan origination data for 1993 through 1996. They analyzed conventional home purchase loans, government-backed home purchase loans, and total home purchase loans by year, by borrower characteristics, by type of lender, by state, and by MSA. They also analyzed denial rates by applicant race and income, disparities in loan denial rates by race, the possible reasons for denial as reported in the HMDA data, and the effect on the changes in the incidence of multiple applications by the same household.

Overview: Total Loans by Borrower Race and National Origin¹

The following points provide an overview of the current state of home purchase mortgage lending to borrowers of different racial and ethnic groups:

¹Approximately 9,300 commercial banks, thrift institutions, credit unions, and mortgage companies reported HMDA data in 1996. Mortgage companies play a substantial role in mortgage markets with 58 percent of total (conventional and government) home purchase loans and 80 percent of government-backed home purchase loans.

Total home purchase loans to Blacks and Hispanics are at an all-time high.

Total home purchase loans to Blacks increased by 7,421 loans (3.1 percent) in 1996 to reach an all-time high of 247,692 loans. Conventional home purchase loans to Blacks reached an historically high level in 1995 before dropping by 2,090 loans in 1996. More than offsetting the drop in conventional mortgage loans in 1996, however, was an increase of 9,511 government-backed mortgage loans to Blacks.

Conventional home purchase loans to Hispanics increased by 701 loans in 1996 to reach a high of 135,683 loans. Government-backed loans to Hispanics grew by 28,276 loans (34.9 percent) in 1996. Combined home purchase loans to Hispanics grew 28,977 (13.4 percent) to reach an historic high in 1996 of 245,026 loans.

Over the past four years, home purchase loans to Blacks and Hispanics have grown at substantially faster rates than loans to Whites.

From 1993 through the end of 1996, total home purchase loans to Blacks, Hispanics, and Whites have increased 52.5, 55.6, and 14.0 percent respectively. Conventional loans to Blacks, Hispanics, and Whites grew by 67.2, 48.5, and 19.4 percent respectively.

However, year-to-year variations by the racial and ethnic category of the borrower have been pronounced. In 1995, for example, total home purchase loans increased more among Blacks (10.1 percent) than among any other racial or ethnic group. Total home purchase loans to Hispanics grew 7.2 percent and to Whites fell by 3.1 percent compared to a year earlier. In 1996, by contrast, the increase in total home purchase loans was smallest among Blacks (3.1 percent). Total home purchase loans to Hispanics rose 13.4 percent and to Whites 8.1 percent in 1996.

In 1996, there was considerable regional variation in residential real estate markets.

Regional variations in residential real estate markets may have affected aggregate loan growth comparisons across racial and ethnic groups for 1996. Loan growth tended to be lower, on average, in states with proportionately more Blacks and relatively weak housing markets, principally Mississippi, Louisiana, Georgia, Alabama, Maryland, Virginia, Delaware and the District of Columbia. Loan growth tended to be higher in high real estate growth states that also had proportionately more Hispanics and fewer Blacks including certain western or southwestern states, such as Arizona, Colorado, Nevada, and Utah. If the proportion of loans to a minority group relative to all loans in each of these states is relatively constant, the slowdown in mortgage lending to Blacks and the increase in mortgage lending to Hispanics may, in part, directly reflect different growth rates in regional economies.

The number of HMDA loans for which race is not reported rose substantially in 1996.

Race or ethnic origin was not reported for an increasing number of HMDA loans in 1996. This raises the possibility that reported rates of lending growth for different racial and ethnic groups may be distorted. If, for example, the majority of applicants with missing race information were Black, the HMDA data would substantially understate lending growth to Blacks during 1996. If the majority of these applicants were White, the growth rates would be relatively unchanged, owing to the larger base of White loans.

Applicant race need not be reported, for example, for applications taken by mail or telephone. Race was not reported for 135,320 home purchase loans in 1996, an increase of 33 percent compared to 1995 (Table 1). Most of the loans for which race was not reported were conventional loans -- 110,867 were conventional home purchase loans and 24,453 were government-backed home purchase loans (Tables 2 and 3). Increases in the number of loans for which race is not reported may, in general, affect year-to-year comparisons of loan growth by race. Since there is very limited information in the HMDA data to determine whether that missing information affects some racial or ethnic categories more than others, the potential distortion in any particular year cannot be directly measured.

Use of Conventional and Government-Backed Mortgage Loans

Differences exist in the use of conventional and government-backed loans by home buyers of different racial and ethnic groups.

Black and Hispanic borrowers are less likely than White borrowers to use conventional mortgages to buy homes and more likely than White borrowers to use government-backed mortgages.

In 1996, approximately 80 percent of home purchase loans to White borrowers were conventional loans. The remainder were government-backed loans. For both Black and Hispanic borrowers, just 55 percent of the home purchase loans in 1996 were conventional loans -- 45 percent were government-backed loans (derived from Tables 1-3).

The use of government-backed loans by Black and Hispanic borrowers is increasing.

During both 1995 and 1996, Black and Hispanic home buyers increased their reliance on government-backed home purchase loans. The increase was particularly pronounced for Hispanics in 1996. In 1996, government-backed home purchase loans to Hispanics increased by 28,276 loans (34.9 percent). Government-backed loans to Blacks increased by 9,511 loans (9.1 percent). The proportion of government-backed loans to total home purchase loans for Hispanic borrowers rose from 38 percent in 1995 to 45 percent in 1996. The use of government-backed home purchase loans by Black borrowers rose from 43 percent in 1995 to 45 percent in 1996.

Increased use of FHA loans, in particular, may have resulted from changes designed to make FHA loans more attractive to borrowers. Since 1994, for example, up-front insurance premiums have been reduced, maximum loan amounts have been raised, and underwriting flexibility has been increased.

Denial Rates by Race and Ethnic Group

Several factors influence both the level of and changes in reported denial rates over time. The factors include, for example, changes in underwriting practices, changes in the credit quality and composition of the applicant pool, increases in the number of manufactured housing and subprime applications and loans in HMDA, and increased incidence of multiple applications from individual borrowers in HMDA.

Denial rates vary among applicants by income, race, and ethnic group.

For conventional home purchase loans, 48.8 percent of Black applicants, 34.4 percent of Hispanic applicants, and 24.1 percent of White applicants were turned down in 1996. The denial rates for all racial and ethnic groups were higher in 1996 than in 1995 (Table 4).

Differences in income levels account for some, but not all, of the differences in denial rates among the groups. Denial rates in each racial or ethnic group are higher for lower-income applicants than for higher-income applicants. A higher proportion of Black and Hispanic than white applicants are lower-income. However, White applicants had lower rates of denial than Black or Hispanic applicants in each income group. In recent years, the proportion of applicants for conventional home loans that have lower income levels has increased from 24.9 percent in 1993 to 30.1 percent in 1996. The higher denial rate for this group of applicants tends to raise the aggregate denial rate level.

Denial rate disparities between Blacks and Whites and between Hispanics and Whites widen at higher incomes.

The ratio of denial rates for low-income Black applicants to the denial rate for low-income white applicants is 1.4. The ratio of denial rates for high-income Black applicants to the denial rate for high-income white applicants is 2.4. Though not as pronounced, the pattern is similar in comparisons between White applicants and Hispanic applicants. For low incomes, the ratio of the denial rate for Hispanic applicants compared to the denial rate for white applicants is 1.2. For high incomes, the ratio of the denial rates is 1.9.

The Role of Manufactured Housing and Subprime Lenders

Lenders specializing in manufactured housing, as well as subprime lenders, had a significant effect on the HMDA data in 1996.

Lenders specializing in manufactured housing and others specializing in subprime loans account for an increasing share of the home purchase data reported under HMDA.²

Applications received by the 50 largest HMDA reporters that concentrate on the manufactured housing and subprime loan market exhibited increases of between 33 and 64 percent in each of the last four years increasing their overall share of the mortgage market from 14.4 percent in 1993 to 33.2 percent in 1996 (Table 6). This market is marked by a large concentration of activity by relatively few lenders. The ten largest manufactured home and subprime lenders account for over 90 percent of the applications received by HMDA reporters concentrating on this market segment.

Applications to manufactured housing and subprime lenders represent a substantially higher share of all Black and Hispanic than White applications.

In 1996, applications to lenders that concentrate on manufactured housing and subprime markets accounted for 55.6 percent of home purchase applications from Blacks, 37.6 percent of home purchase applications from Hispanics, and 31.5 percent of home purchase applications from Whites.

Denial rates are higher at manufactured housing and subprime lenders than other mortgage lenders.

In 1996, 55 percent of all applications for home purchase loans received by manufactured home and subprime lenders were denied (Table 7). For all other HMDA reporters in 1996, the denial rate on applications for home purchase loans was 12.8 percent.

The impact of the high denial rates for the manufactured home and subprime lenders is evident for all racial and ethnic groups. Denials by those lenders accounted for 68.8 percent of the HMDA-reported denials for White applicants for home purchase loans, even though applications by Whites to those lenders accounted for only 31.5 percent of total home purchase applications from Whites. Denials by manufactured housing and subprime lenders accounted for 64.1 percent of Hispanic denials, compared to 37.6 percent of Hispanic applications (Table 6).

The effect, however, was especially pronounced for Black applicants. In 1996, the percentage of applications filed by Blacks with lenders specializing in manufactured housing and the subprime market and denied was 67.3 -- the highest denial rate for any racial or ethnic group (Table 7). Overall, 55 percent of these types of applications were denied; for Hispanics, 58.6 percent, for Whites, 53 percent. In 1996, denials in this market accounted for 76.8 percent of all the denials of

²HUD staff identified 50 HMDA reporters that concentrate on the subprime and manufactured housing loan market. HMDA data do not specifically identify the grade of any individual loans (e.g. subprime or prime). Therefore HUD staff were not able to separate out the manufactured housing and subprime loans of lenders who do not specialize in that market.

Black home purchase loan applications reported under HMDA.

Denial rate disparities by race are smaller among manufactured housing and subprime lenders than among other HMDA reporters.

For manufactured housing and subprime lenders, denials of applications from Hispanics are 1.1 times as likely as denials of applicants from Whites, and denials of applications from Blacks are 1.3 times as likely as denials of applicants from Whites (Table 8). By contrast, for all other HMDA reporters, applications from Hispanics are 1.8 times as likely and applications from Blacks are 2.3 times as likely to be turned down as applications from Whites.

Applicants filing multiple applications contribute to increased denial rates and contribute to denial rate disparities across racial and ethnic groups.

Multiple applications may result from an applicant shopping for the lowest possible interest rate or attempting to increase the likelihood of securing a loan. In addition, if an applicant fails to meet underwriting standards at the lender to which an application is submitted, that application may be forwarded to an affiliated lender for review under their lending standards. Depository institutions that have portfolio loan programs may exercise underwriting standards that differ substantially from the lender doing the initial review.

Evaluation of the 1995-1996 HMDA data indicates that there was a significant increase in the number of applicants filing multiple applications for conventional home purchase loans and that low-income applicants account for a disproportionate share of multiple applications. The denial rates for applicants filing two applications is much higher than for applicants with just one application -- a pattern that holds for all racial and ethnic groups. Thus, multiple applications would appear to contribute to higher denial rates overall. However, at present, the effect appears to be limited. Multiple applications are more likely to be associated with Black and Hispanic applicants than Whites. In 1996, 11 percent of Black applicants, 9 percent of Hispanic applicants, and 6 percent of White applicants filed more than one application (Table 9).

Reasons for Denial

Applicant credit history has been the primary reason cited for denial since HMDA collection of this information began in 1990. Only OCC and OTS require this information from its reporters. For others, it is voluntary. The data cited here are for OCC and OTS reporters.

In 1996, credit history was the most frequently cited reason for denial for each racial and ethnic group, but the incidence tended to be highest for Black applicants.

Fewer government-backed loans were turned down for credit history in 1996 than in 1995.

In the conventional market, credit history was cited as a reason for denial with greater frequency than any other reason, and more frequently in 1996 than in 1995 for each racial and ethnic group. Credit history was identified as a reason for 56 percent of denials in 1996 for Black applicants, 50 percent in 1995; 44 percent of denials in 1996 for Hispanic applicants, 37 percent in 1995; and 48 percent of denials in 1996 for White applicants, 43 percent in 1995 (data not shown in tables).

In the government-backed market, credit history was cited less frequently as a reason for denial in 1996 than in 1995 for Black, Hispanic, and White applicants. In 1996, the frequency with which credit history was cited as a reason for denial for government-backed loans was 48 percent for Blacks, 33 percent for Hispanics, and 38 percent for Whites. Comparable rates for 1995 were 49 percent, 36 percent, and 39 percent.

Conclusion

Mortgage lending to Blacks and Hispanics has increased substantially over the past three years and was at or near all-time highs in 1996 for both conventional and government-backed loans. Despite those absolute increases in total loans, loan growth slowed for Blacks in 1996 and application denial rates for conventional home purchase loans rose for all racial and ethnic groups.

A broad perspective is essential to understand the complex of factors affecting home mortgage lending. A focus on any one category of lending (e.g., conventional mortgage loan originations) or a particular comparison of denial rates may provide an incomplete or distorted picture of lending patterns.

Our analysis suggests that multiple factors contributed to a slowdown in loan growth to Black applicants in 1996, to rising denial rates on applications from all racial and ethnic groups, and to persistent disparities in denial rates among applicants of different race and ethnic groups. Factors evident from HMDA data include, for example, growth in the government-backed mortgage market, growth in manufactured housing and subprime mortgage lending, and a rise in the incidence of multiple applications from individual borrowers.

Analysis of HMDA data alone is not sufficient to determine whether the observed patterns in mortgage lending and denial rates result from market forces, changes in underwriting practices, illegal mortgage discrimination, or differences in mortgage loan growth among states and MSAs. The findings presented in this report, however, reinforce the importance of additional research in an effort to better understand the changing patterns at lending institutions.

Supporting Data

Table 1

Home Purchase Originations								
1- to 4-Family Homes								
	1993	1994	% Change 1993 - 1994	1995	% Change 1994 - 1995	1996	% Change 1995 - 1996	% Change 1993 - 1996
Total Originations	3,187,693	3,539,523	11.04%	3,495,752	-1.24%	3,806,247	8.88%	19.40%
-Black	162,379	218,310	34.44%	240,271	10.06%	247,692	3.09%	52.54%
-Hispanic	157,434	201,456	27.96%	216,049	7.24%	245,026	13.41%	55.64%
-White	2,577,772	2,804,374	8.79%	2,718,061	-3.08%	2,937,986	8.09%	13.97%
-Race Not Available	102,777	87,706	-14.66%	101,790	16.06%	135,320	32.94%	31.66%
Total Conventional Originations	2,371,188	2,844,089	19.94%	2,736,126	-3.80%	2,926,007	6.94%	23.40%
-Black	81,322	125,796	54.69%	138,034	9.73%	135,944	-1.51%	67.17%
-Hispanic	91,345	129,695	41.98%	134,982	4.08%	135,683	0.52%	48.54%
-White	1,971,153	2,281,442	15.74%	2,205,360	-3.33%	2,354,024	6.74%	19.42%
-Race Not Available	83,928	77,947	-7.13%	82,644	6.03%	110,867	34.15%	32.10%
Total Conventional	2,371,188	2,795,154	17.88%	2,736,126	-2.11%	2,926,007	6.94%	23.40%
Total Government	816,505	744,369	-8.83%	759,626	2.05%	880,240	15.88%	7.81%
Total Originations	3,187,693	3,539,523	11.04%	3,495,752	-1.24%	3,806,247	8.88%	19.40%

Table 2

Conventional Home Purchase								
1- to 4-Family Homes								
	1993	1994	% Change 1993-1994	1995	% Change 1994-1995	1996	% Change 1995-1996	% Change 1993-1996
Race								
American Indian/Alaskan Native	8,638	10,691	23.77%	10,712	0.20%	11,278	5.28%	30.56%
Asian/Pacific Islander	78,671	93,319	18.62%	85,571	-8.30%	91,547	6.98%	16.37%
Black	81,322	125,796	54.69%	138,034	9.73%	135,944	-1.51%	67.17%
Hispanic	91,345	129,695	41.98%	134,982	4.08%	135,683	0.52%	48.54%
White	1,971,153	2,281,442	15.74%	2,205,360	-3.33%	2,354,024	6.74%	19.42%
Other	11,768	18,984	61.32%	20,829	9.72%	23,305	11.89%	98.04%
Joint	44,363	60,763	36.97%	57,994	-4.56%	63,359	9.25%	42.82%
Race Not Available	83,928	74,464	-11.28%	82,644	10.99%	110,867	34.15%	32.10%
Income of Applicants								
Less than 80% of MSA Median	407,059	516,824	26.97%	494,007	-4.41%	558,162	12.99%	37.12%
80-99% of MSA Median	248,402	295,734	19.05%	282,925	-4.33%	307,681	8.75%	23.86%
100-119% of MSA Median	246,294	285,044	15.73%	268,682	-5.74%	299,878	11.61%	21.76%
120% or More of MSA Median	950,597	1,069,305	12.49%	1,047,464	-2.04%	1,172,762	11.96%	23.37%
Income Not Available	33,303	28,549	-14.27%	35,785	25.35%	56,509	57.91%	69.68%

Table 3

Government Home Purchase								
1- to 4-Family Homes								
	1993	1994	% Change 1993-1994	1995	% Change 1994-1995	1996	% Change 1995-1996	% Change 1993-1996
Race								
American Indian/Alaskan Native	3,298	3,295	-0.09%	2,850	-13.51%	3,743	31.33%	13.49%
Asian/Pacific Islander	12,698	11,662	-8.16%	11,813	1.29%	13,797	16.80%	8.65%
Black	81,057	92,514	14.13%	102,237	10.51%	111,748	9.30%	37.86%
Hispanic	66,089	71,761	8.58%	81,067	12.97%	109,343	34.88%	65.45%
White	606,619	522,932	-13.80%	512,701	-1.96%	583,962	13.90%	-3.73%
Other	3,077	3,495	13.58%	4,429	26.72%	5,057	14.18%	64.35%
Joint	24,818	25,468	2.62%	25,383	-0.33%	28,137	10.85%	13.37%
Race Not Available	18,849	13,242	-29.75%	19,146	44.59%	24,453	27.72%	29.73%
Total	816,505	744,369	-8.83%	759,626	2.05%	880,240	15.88%	7.81%
Income of Applicants								
Less than 80% of MSA Median	260,387	250,708	-3.72%	244,011	-2.67%	310,788	27.37%	19.36%
80-99% of MSA Median	148,963	140,168	-5.90%	142,470	1.64%	168,753	18.45%	13.29%
100-119% of MSA Median	110,821	100,398	-9.41%	105,308	4.89%	118,066	12.11%	6.54%
120% or More of MSA Median	165,111	146,654	-11.18%	157,666	7.51%	173,402	9.98%	5.02%
Income Not Available	13,831	6,701	-51.55%	10,776	60.81%	12,066	11.97%	-12.76%

Table 4

Applicant Characteristic	Type of Disposition				
	Approved	Denied	Withdrawn	File Closed	Total
<i>Race or Ethnic Group</i>					
American Indian	43.5	50.2	5.6	0.7	100.0
Asian	75.0	13.8	9.4	1.8	100.0
Black	44.1	48.8	6.0	1.1	100.0
Hispanic	56.1	34.4	8.0	1.5	100.0
White	68.8	24.1	6.2	0.9	100.0
Other	61.3	30.0	7.2	1.5	100.0
Joint (white/minority)	60.3	32.3	6.5	0.9	100.0
<i>Income (% of MSA median)</i>					
Less than 80	59.1	34.2	5.7	0.9	100.0
80-99	71.8	20.5	6.6	1.0	100.0
100-119	76.3	15.8	6.9	1.0	100.0
120 or more	81.6	9.8	7.4	1.1	100.0

Table 5

Summary of Denial Rates			Year			
Ln_type	Income	Race	1993	1994	1995	1996
Conventional	< 80	Am_Ind	26.99%	30.49%	40.79%	45.55%
		Asian	15.97%	15.04%	16.55%	17.02%
		Black	32.30%	30.49%	37.34%	44.53%
		Hispanic	28.56%	26.98%	32.36%	37.52%
		White	19.31%	21.02%	28.38%	32.12%
		Total	21.49%	22.70%	29.86%	34.21%
	< 80 Total		144.62%	146.72%	185.27%	210.95%
	80 to <100	Am_Ind	18.07%	19.18%	26.38%	33.30%
		Asian	13.64%	11.09%	11.19%	11.68%
		Black	23.13%	22.19%	27.85%	33.57%
		Hispanic	22.25%	20.71%	24.62%	27.29%
		White	11.32%	11.95%	16.37%	18.63%
		Total	13.06%	13.68%	18.01%	20.53%
	80 to <100 Total		101.46%	98.80%	124.42%	145.00%
	100 to <120	Am_Ind	14.70%	15.85%	19.64%	26.59%
		Asian	13.07%	10.37%	10.44%	11.36%
		Black	21.99%	19.02%	23.91%	28.92%
		Hispanic	21.14%	18.57%	22.41%	24.18%
		White	9.35%	9.45%	12.31%	14.02%
		Total	11.09%	10.97%	13.94%	15.77%
	100 to <120 Total		91.34%	84.23%	102.65%	120.85%
	>120	Am_Ind	13.55%	12.32%	13.38%	16.58%
		Asian	13.71%	10.03%	9.48%	10.64%
		Black	18.21%	15.12%	17.55%	20.45%
		Hispanic	17.08%	14.11%	15.55%	16.72%
		White	7.90%	6.71%	7.55%	8.59%
		Total	9.19%	7.82%	8.70%	9.78%
	>120 Total		79.64%	66.11%	72.21%	82.77%

Table 5 Continued

Summary of Denial Rates			Year			
Ln_type	Income	Race	1993	1994	1995	1996
FHA_FMHA_VA	< 80	Am_Ind	16.65%	15.75%	14.14%	13.47%
		Asian	12.50%	11.13%	9.64%	10.35%
		Black	22.47%	19.15%	15.58%	15.86%
		Hispanic	16.30%	13.86%	9.99%	10.74%
		White	12.10%	11.01%	9.15%	9.54%
		Total	14.45%	13.13%	10.87%	11.24%
	< 80 Total		94.46%	84.02%	69.37%	71.21%
	80 to <100	Am_Ind	13.42%	11.33%	10.15%	11.18%
		Asian	8.52%	8.94%	7.38%	8.21%
		Black	18.62%	15.00%	11.79%	12.58%
		Hispanic	12.59%	10.82%	8.20%	8.81%
		White	8.75%	7.70%	6.33%	6.63%
		Total	10.51%	9.28%	7.58%	7.95%
	80 to <100 Total		72.41%	63.07%	51.44%	55.37%
	100 to <120	Am_Ind	14.75%	10.40%	9.38%	9.29%
		Asian	9.75%	8.30%	6.04%	8.40%
		Black	17.99%	14.33%	11.30%	12.30%
		Hispanic	12.42%	9.97%	7.42%	8.75%
		White	8.13%	7.09%	5.72%	5.95%
		Total	9.88%	8.54%	6.84%	7.28%
	100 to <120 Total		72.93%	58.64%	46.68%	51.97%
	>120	Am_Ind	13.63%	12.40%	7.64%	8.53%
		Asian	11.51%	9.02%	6.71%	8.87%
		Black	17.24%	13.33%	10.54%	11.37%
		Hispanic	10.25%	9.97%	7.00%	8.31%
		White	7.98%	6.71%	5.40%	5.80%
		Total	9.44%	8.17%	6.44%	7.05%
	>120 Total		70.05%	59.60%	43.74%	49.92%

Table 6

Denial Rates by Racial and Ethnic Group					
Manufactured Home and Subprime Share of Denials					
	1992	1993	1994	1995	1996
American Indian	42.5%	46.9%	64.7%	80.0%	83.7%
Asian	4.4%	5.9%	11.8%	21.4%	21.1%
Black	42.5%	47.6%	57.2%	70.8%	76.8%
Hispanic	21.0%	26.7%	42.1%	58.3%	64.1%
White	33.8%	38.9%	51.6%	65.0%	68.8%
Other	23.1%	29.4%	54.3%	66.3%	66.4%
Joint	21.8%	29.3%	40.7%	58.8%	76.8%
All	30.6%	36.7%	49.2%	63.3%	68.0%
Manufactured Home and Subprime Share of Originations					
American Indian	8.6%	12.7%	17.2%	29.8%	34.9%
Asian	2.8%	2.7%	4.0%	5.6%	5.8%
Black	13.0%	13.7%	16.0%	23.9%	26.2%
Hispanic	5.6%	7.0%	8.9%	12.9%	15.7%
White	5.6%	6.7%	8.6%	12.7%	13.1%
Other	6.2%	9.3%	12.5%	14.9%	14.6%
Joint	4.2%	5.3%	6.9%	10.6%	15.4%
All	5.6%	6.8%	8.8%	13.0%	13.6%
Manufactured Home and Subprime Share of Applications					
American Indian	20.4%	25.8%	37.4%	56.7%	65.6%
Asian	3.3%	3.4%	5.4%	8.4%	9.2%
Black	26.6%	28.5%	33.7%	47.2%	55.6%
Hispanic	11.3%	13.8%	19.8%	30.6%	37.6%
White	12.2%	14.2%	18.8%	27.7%	31.5%
Other	11.1%	15.7%	26.3%	34.6%	37.2%
Joint	8.5%	11.0%	15.0%	24.6%	41.4%
All	12.0%	14.4%	19.2%	28.6%	33.2%

Table 7

Denial Rates by Racial and Ethnic Group					
Manufactured Home and Subprime Denial Rates					
	1992	1993	1994	1995	1996
American Indian	55.2%	50.5%	54.6%	58.5%	64.0%
Asian	20.7%	25.4%	26.2%	31.8%	31.7%
Black	57.4%	56.8%	56.7%	60.7%	67.3%
Hispanic	50.5%	48.7%	52.4%	56.2%	58.6%
White	44.1%	42.0%	44.9%	48.3%	52.6%
Other	43.7%	43.3%	49.1%	56.6%	53.4%
Joint	45.2%	46.2%	46.7%	53.6%	60.0%
All	45.6%	43.8%	46.3%	50.1%	54.8%
Non-Subprime Denial Rates					
American Indian	19.2%	19.9%	17.9%	19.1%	23.7%
Asian	15.1%	14.2%	11.2%	10.7%	12.0%
Black	28.1%	24.9%	21.6%	22.4%	25.4%
Hispanic	24.3%	21.4%	17.8%	17.7%	19.8%
White	12.0%	10.9%	9.8%	10.0%	11.0%
Other	18.2%	19.3%	14.8%	15.3%	16.0%
Joint	15.1%	13.7%	12.0%	12.2%	12.8%
All	14.1%	12.7%	11.4%	11.6%	12.8%
Ratio of Subprime Denial Rate to Non-Subprime Denial Rate					
American Indian	2.9	2.5	3.1	3.1	2.7
Asian	1.4	1.8	2.3	3.0	2.6
Black	2.0	2.3	2.6	2.7	2.6
Hispanic	2.1	2.3	2.9	3.2	3.0
White	3.7	3.9	4.6	4.8	4.8
Other	2.4	2.2	3.3	3.7	3.3
Joint	3.0	3.4	3.9	4.4	4.7
All	3.2	3.4	4.1	4.3	4.3

Table 8

Denial Rates by Racial and Ethnic Group					
Manufactured Home and Subprime					
Ratio of Denial rate to White Denial Rate					
	1992	1993	1994	1995	1996
American Indian	1.3	1.2	1.2	1.2	1.2
Asian	0.5	0.6	0.6	0.7	0.6
Black	1.3	1.4	1.3	1.3	1.3
Hispanic	1.1	1.2	1.2	1.2	1.1
White	1.0	1.0	1.0	1.0	1.0
Other	1.0	1.0	1.1	1.2	1.0
Joint	1.0	1.1	1.0	1.1	1.1
All	1.0	1.0	1.0	1.0	1.0
Non-Subprime Denial Rates					
Ratio of Denial rate to White Denial Rate					
American Indian	1.6	1.8	1.8	1.9	2.2
Asian	1.3	1.3	1.1	1.1	1.1
Black	2.3	2.3	2.2	2.2	2.3
Hispanic	2.0	2.0	1.8	1.8	1.8
White	1.0	1.0	1.0	1.0	1.0
Other	1.5	1.8	1.5	1.5	1.5
Joint	1.3	1.3	1.2	1.2	1.2
All	1.2	1.2	1.2	1.2	1.2

Table 9

		Denial rates for conventional home purchase loans				
		1995			1996	
Race	Applicants applying one time	Applicants applying twice	Total	Applicants applying one time	Applicants applying twice	Total
American Indian	43.0	64.8	45.9	53.0	75.0	56.8
Asian	10.2	27.4	11.2	11.2	31.6	12.5
Black	32.8	61.1	37.9	40.8	73.8	44.4
Hispanic	24.5	54.6	27.0	28.4	57.6	31.0
White	15.8	45.3	17.3	18.5	51.9	20.4
MEMO:						
Proportion filing multiple applications:						
American Indian	...	...	13.0	...	...	17.3
Asian	...	...	5.8	...	...	6.3
Black	...	...	7.5	...	...	11.0
Hispanic	...	...	8.2	...	...	9.0
White	...	...	5.2	...	...	5.7
Total	...	...	5.5	...	...	6.3
Proportion low income	28.4	44.1	29.2	30.0	47.7	31.0